

**MINUTES OF A REGULAR MEETING OF
THE TORRANCE WATER COMMISSION**

1. CALL TO ORDER

The Torrance Water Commission convened in a regular session at 7:01 p.m. on Thursday, January 19, 2012 in the West Annex Meeting Room at Torrance City Hall.

2. ROLL CALL:

Present: Commissioners Deemer, Haddon, Lew,
McCabe, and Chairperson McGee.

Absent: Commissioners Lefevre and See.

Also Present: Public Works Director Beste,
Senior Administrative Analyst Schaich, and
Metropolitan Water District Director Wright.

MOTION: Commissioner Haddon moved to grant Commissioners Lefevre and See excused absences for the January 19, 2012 Water Commission meeting. Commissioner Deemer seconded the motion; a voice vote reflected unanimous approval.

3. FLAG SALUTE

Commissioner Lew led the Pledge of Allegiance.

4. AFFIDAVIT OF POSTING

MOTION: Commissioner Haddon moved to accept and file the report of the City Clerk on the posting of the agenda for this meeting. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval.

5. APPROVAL OF MINUTES

5A. MINUTES OF AUGUST 18, 2011

MOTION: Commissioner Haddon moved for the approval of the August 18, 2011 Water Commission meeting minutes as presented. Commissioner Lew seconded the motion; a voice vote reflected unanimous approval (absent Commissioners Lefevre and See).

5B. MINUTES OF NOVEMBER 17, 2011

MOTION: Commissioner Haddon moved for the approval of the November 17, 2011 Water Commission meeting minutes as presented. Commissioner Deemer seconded the motion; a voice vote reflected unanimous approval (absent Commissioners Lefevre and See).

6. ORAL COMMUNICATIONS FROM PUBLIC

None.

7. OLD BUSINESS

In response to Commissioner Deemer's inquiry, staff provided an update on the status of the Yukon site, noting that construction of an entry way and wall to separate the property from the back of Yukon School is expected this summer when school is out of session.

8. NEW BUSINESS

8A. PRESENTATION REGARDING NEW TORRANCE MUNICIPAL WATER RATES FOR 2012

Senior Administrative Analyst Schaich provided a PowerPoint presentation regarding Torrance Municipal Water's five-year Rate Plan for years 2011 through 2015. He presented background and reasons for implementation of the Rate Plan: to provide system infrastructure replacements and high priority improvements, fund local water supply projects, fund operations and maintenance, meet regulatory requirements, and revise pass-through adjustment methodology to more accurately reflect changes in water costs. He discussed benefits of the new water rates that include implementing systematic CIP to ensure integrity of the water system, lowering water costs, stabilizing future rates, and enhancing water supply reliability. He noted that 60% of the operating budget goes to produce or purchase water and that MWD imported water is twice as expensive as pumping water from local groundwater resources.

He showed a graph outlining the economic benefit of new wells. He noted that the benefit/cost ratio is 5 to 1 and lifecycle savings is \$180 million, with the break-even year expected in 2016. He provided a summary of the Rate Plan that shows internal increases and pass-through water costs for fiscal years 2011, 2012, 2013, 2014, and 2015. He described a 2012 rate chart that outlines a 6.5% internal increase and 5.5% pass-through, or 12% composite average. He described the standard meter and fire service charges, the four tier rates, the low-income senior/disabled discount rate, water usage characteristics of the 26,500 customers served by TMW, and a comparison of monthly water charges with surrounding agencies. He concluded his presentation with next steps that include an updated rate model being developed for the CIP Financial Plan, retention of a bond consultant, structuring of a revenue bond issue, and marketing and sale of bonds.

Responding to Commissioner Deemer's inquiry, Senior Administrative Analyst Schaich stated that Long Beach's water rates are currently within 5% of TMW. He offered to bring back a more complete comparison, noting that TMW has among the lowest rates in the area.

In response to Commissioner McCabe's inquiry, Public Works Director Beste explained that most of the 450 to 500 City meters are for park irrigation. He stated that the City has not undertaken a water usage audit, but that there was a recent energy efficiency audit conducted. He added that controllers that measure water content and California friendly landscape have been installed.

Senior Administrative Analyst Schaich stated that most urinals and toilets in the City Hall complex have been replaced through MWD's public sector program.

Responding to MWD Director Wright's inquiry, he stated that at one time recycled water rates were very low but are now almost the same as MWD's rates.

8B. PRESENTATION BY REPRESENTATIVE OF SIERRA CLUB – L.A. CHAPTER REGARDING THEIR WATER CONSERVATION SCORECARD AND RELATED ISSUES

Postponed to the February 16, 2012 Water Commission meeting.

9. METROPOLITAN WATER DISTRICT DIRECTOR'S REPORT

MWD Director Wright distributed his January 2012 report to Mayor Scotto and Council Members regarding MWD activities. He provided background and presented an update on MWD's current Water Supply Conditions. He reported that MWD was supposed to receive 60% of contracted State Water Project supply but now it is likely that the percentage will be lowered due to concern about lack of precipitation this year. He reported that Donner Summit snowpack is 21% and Mammoth Pass is 10% of normal as compared to 158% and 295% of normal last year. He pointed out that it is still very early in the "water year" however. Referring to the Colorado River supply, he stated that the Upper Colorado Basin is 61% of normal compared to 149% a year ago.

He noted that last year there was so much precipitation that MWD was able to move and store as much water as they could. He stated that Lake Oroville Reservoir has 268,000 more acre feet in storage than this time last year and that San Luis Reservoir has 294,000 more acre feet more than this time last year. He further noted that MWD has 200,000 acre feet of intentionally created surplus water stored in Lake Mead.

Responding to Commissioner Deemer's inquiries, MWD Director Wright stated that he did not believe there has been an equalization release from Lake Powell yet and that Colorado River water is cheaper than State Water Project water but has a lot of salt in it.

10. WEST BASIN WATER ASSOCIATION REPORT

Public Works Director Beste reported that at the last West Basin Water Association meeting the Water Master announced that West Coast Basin pumped 3,700 acre feet in November 2011 and that they are issuing a non-consumptive use permit to Shell Oil to conduct a clean up. He noted that the Association is objecting to this and believes they should use their water rights. He reported that MWD discussed its rate increases and Water Replenishment District is sponsoring legislation to define the roles for different agencies in the area. He announced that the Supreme Court will have a hearing regarding conjunctive use.

In response to Commissioner Haddon's inquiry, he stated that the Association has paid \$700,000 in legal fees.

11. MONTHLY DEPARTMENT REPORT

Public Works Director Beste noted that the Monthly Department Report for December 2011 was included in agenda packets. He reported that total water production in December 2011 was 13% higher than December 2010 and that there were ten water main breaks.

In response to Commissioner Deemer's inquiry, he stated that WRD received a grant and is selecting consultants to look at expansion of the Goldsworthy Desalter.

Chairperson McGee inquired about the Desalter's membrane filters and Senior Administrative Analyst Schaich advised that the filters will be replaced within 60 days.

12. ORALS

12A. Senior Administrative Analyst Schaich announced a seminar "The Future of Water in Southern California" on January 27, 2012 at UCLA extension. He encouraged Commissioners to attend and offered to furnish transportation.

Chairperson McGee expressed interest in attending.

12B. Senior Administrative Analyst Schaich distributed an article "The Value of Tap Water" from Water for Tomorrow.

12C. Commissioners and staff expressed their appreciation to Commissioner Lew for his two terms on the Water Commission and bid him a fond farewell.

13. ADJOURNMENT

MOTION: At 8:29 p.m., Commissioner Haddon moved to adjourn the meeting to February 16, 2012 at 7:00 p.m. in the West Annex Commission meeting room. Commissioner Deemer seconded the motion and, hearing no objection, Chairperson McGee so ordered.

Approved as Submitted April 19, 2012 s/ Sue Herbers, City Clerk
